

Barbara D. Armstrong
Consumer Specialist
Office of the Attorney General
11 South Union Street
Montgomery, AL 36130

Ex. 54
Household

Re: George McCarley
Household Account 2935534

Dear Ms. Armstrong:

Thank you for your correspondence dated 08-March-01 regarding a complaint filed with your office by George McCarley. We have reviewed our original response dated 08-February-01 issued to your office and Mr. McCarley. It is our position that a reasonable, detailed and factually accurate response was provided to Mr. McCarley's complaint in our 08-February-01 correspondence. However, in the spirit of cooperation, we are happy to issue a second correspondence for the benefit of Mr. McCarley.

Mr. McCarley's correspondence to your office dated 17-February-01 states:

"1. His company is not licensed to write loans in the State of Alabama, yet they continue to masquerade as though they have full ability to service my mortgage."

Household Financial Services (HFS) is the trade name for a mortgage servicing operation which services loans for a number of entities, including Household Finance Corporation of Alabama. Household Finance Corporation of Alabama is fully licensed to originate loans in the State of Alabama.

"2. Once located, his office was provided precisely the same documentation provided the original lender in this matter. Then they continued to ask for more and more information, clearly intended to dodge or delay my request."

Please note that the toll-free customer service number, written inquiry address and payment remittance address for HFS all appear on the Welcome Letter provided to Mr. McCarley when HFS obtained his loan contract from his original lender, HomeSense Financial Corp. of Alabama. The toll-free customer service number, written inquiry address and payment remittance address for HFS also appear on Mr. McCarley's monthly billing statement. We are unable to ascertain from Mr. McCarley's correspondence why he had difficulty in locating HFS.

Mr. McCarley's loan contract entered into with HomeSense Financial Corp. of Alabama is a fully negotiable instrument that Household purchased on the secondary market. The servicing of this contract was transferred to HFS in June of 2000. Mr. McCarley's complaint indicates that HFS does not possess the ability to service his account. Please note that HFS is fully capable of servicing and enforcing all contracted terms of his existing mortgage. **The origination of a new account is in no way associated with the ability to service Mr. McCarley's existing account, nor does Mr. McCarley's contract require the Lender to provide additional financing to the borrower.**

Mr. McCarley requested a refinance of his existing loan contract. HFS maintains a telesales group that can assist existing customers in refinancing accounts currently serviced by HFS. **The telesales area may process refinances in Alabama originating under the Household Finance Corporation of Alabama license (M3833). As a business decision, Household has elected not to originate loans in Alabama through this channel.** However, strictly as a customer courtesy, HFS elected to assist Mr. McCarley through the telesales channel.

Any request for documentation made by HFS was the result of Mr. McCarley's inquiry for additional financing and were in no way related to the servicing of his existing loan agreement. The loan program requested by Mr. McCarley requires verification of income and ability to repay. Unfortunately, Mr. McCarley elected not to provide any documentation to verify income. Household is under no obligation to offer the same loan programs that may have been offered by Mr. McCarley's previous lenders.

"3. Once I finally located a branch office in Alabama, owned by Household, they were not able to locate my mortgage over the company computer system."

Household Finance Corporation of Alabama maintains retail branches in the following Alabama communities: Birmingham, Dothan, Hoover, Huntsville, Mobile and, Montgomery.

These branches service those loans originated through this retail branch network. As previously stated, Mr. McCarley's loan was purchased from HomeSense Financial Corp. of Alabama and not originated at one of our Alabama locations. The staffs at these locations do not have access to account information for accounts serviced by HFS. We regret that Mr. McCarley incurred any inconvenience by contacting one of Household Finance Corporation of Alabama's retail branches, however we must reiterate that the toll-free customer service number, written inquiry address

and payment remittance address for HFS appear on Mr. McCarley's monthly billing statement.

Frankly, we are at a loss to understand Mr. McCarley's assertions. Mr. McCarley's complaint does not result from the servicing of his existing account or a request to change the conditions on that account as asserted by Mr. McCarley. It is our position that Mr. McCarley wishes to obtain additional financing through a loan program not offered or available from HFS. This in no way impinges on any right contracted for in Mr. McCarley's loan agreement currently serviced by HFS.

As HFS does not offer the loan product requested by Mr. McCarley, we recommend he pursue financing options that may better meet his needs and that may be available through other lenders.

HFS is proud to be part of a financial services organization that has been providing superior products and services to our customers for more than 123 years. It is the policy of Household to conduct its business in full compliance with the laws and regulations of every community in which it operates and to adhere to the highest ethical standards.

We trust that this additional correspondence clearly addresses Mr. McCarley's concerns. Should Mr. McCarley require additional clarification on any point addressed, we will be more than happy to respond.

Thank you for the opportunity to respond to your inquiry. Should you require any additional information, please contact me directly at 1-813-571-8731.

Sincerely,


Curt A. Cunningham
Director – HFS Compliance

27-March-01